

BEFORE THE ENERGY REGULATORY COMMISSION OF KENTUCKY

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In the Matter of

THE APPLICATION OF KENTUCKY)
UTILITIES COMPANY FOR AN ORDER)
AUTHORIZING THE ISSUE OF SECURI-)
TIES)

CASE NO.
7773

O R D E R

On April 9, 1980, Kentucky Utilities Company (the "Company") filed its duly verified Amended Application in this case seeking authorization to issue in aggregate principal amount of \$50,000,000 of its First Mortgage Bonds, Pollution Control Series No. 5, due April 15, 1983 (the "First Mortgage Bonds"). The First Mortgage Bonds are to be issued pursuant to a Supplemental Indenture dated April 1, 1980, being a supplement to the Company's 1947 Indenture of Mortgage and Deed of Trust as heretofore supplemented, a copy of which Supplemental Indenture is filed with the application.

The First Mortgage Bonds will be delivered to Citizen's Fidelity Bank and Trust Company, as Trustee (the "Trustee") under an Indenture of Trust dated as of April 1, 1980 (the "Indenture") between the County of Carroll, Kentucky (the "County") and the Trustee in connection with the issue and sale by the County of its Collateralized Pollution Control Revenue Bonds (Kentucky Utilities Company Project) 1980 Series A in the aggregate principal amount of \$50,000,000 (the "Bonds"). A copy of the Indenture is filed with the application.

The First Mortgage Bonds will be held by the Trustee under the Indenture to secure the payment of the Bonds and the payment by the Company of all sums payable by it pursuant to the terms of a Loan Agreement dated as of April 1, 1980 (the "Loan Agreement") between the County and the Company, under the terms of which the County will sell the Bonds and lend the proceeds of such sale to the Company. A copy of the Loan Agreement, in substantially the form in which it will be executed, is filed with the application. The Loan Agreement

and the payments to be made by the Company thereunder will be assigned by the County to the Trustee to secure the payment of the principal of, premium, if any, and the interest on the Bonds.

The Bonds will be sold by the County to Blyth Eastman Paine Webber, Inc., and J. J. B. Hilliard, W. L. Lyons, Inc. (the "Underwriters") pursuant to the terms of a Bond Purchase Agreement (the "Bond Purchase Agreement"). A copy of the form of the Bond Purchase Agreement, in substantially the form in which it will be executed, is filed with the application. Proceeds from the sale of the Bonds will be loaned by the County to the Company to provide funds to finance the acquisition of certain air pollution control facilities described in the Loan Agreement.

There is also filed with the application a Letter of Inducement to be delivered by the Company to the Underwriters and to the County. A copy of the form of the Letter of Inducement, in substantially the form in which it will be executed by the Company, is filed as an exhibit with the application.

The Commission after consideration of the Application and the evidence of record and being advised finds that the issuance by the Company of \$50,000,000 in principal amount of First Mortgage Bonds, Pollution Control Series No. 5, due April 15, 1983 is for lawful objects within the corporate business of the Company; necessary and appropriate and consistent with the proper performance by the Company of its service; will not impair its ability to perform that service; and is reasonably necessary and appropriate for such purposes.

IT IS THEREFORE ORDERED THAT:

1. The execution and delivery by the Company of the Supplemental Indenture dated April 1, 1980, in the form or substantially the form filed as Amended Exhibit 1 with the application, is hereby authorized and approved and the Company is authorized to issue and deliver to the Trustee under the Indenture of Trust with Carroll

County, the Company's First Mortgage Bonds, Pollution Control Series No. 5, from time to time in accordance with the Loan Agreement in the aggregate principal amount not to exceed \$50,000,000 to be held by the Trustee under the Indenture as security for payments to be made by the Company pursuant to the Loan Agreement and as security for the payment of the Bonds;

2. The execution and delivery by the Company of the Loan Agreement between the Company and the County, in the form or substantially the form filed as Amended Exhibit 3 with the application, and the performance by the Company of the transactions contemplated by the Loan Agreement to be performed by the Company thereunder, are hereby authorized;

3. The execution and delivery by the Company of the Letter of Inducement to the Underwriters and the County, in the form or substantially the form filed as Amended Exhibit 5 with the application, and the performance by the Company of the transactions contemplated by the Letter of Inducement to be performed by the Company thereunder, are hereby authorized;

4. The form of the aforesaid Indenture of Trust between the Trustee and Carroll County, filed as Amended Exhibit 2 with the application, is hereby approved;

5. The form of the aforesaid Bond Purchase Agreement between the Underwriters and Carroll County, filed as Amended Exhibit 4 with the application, is hereby approved;

6. Within a reasonable time after the sale by Carroll County to the Underwriters of the Bonds, the Company shall file with the Commission a statement showing (a) the price to be paid to the County for such Bonds, (b) the exact interest rate thereon, and (c) the amount of compensation paid by the Company to the Underwriters for their services in underwriting and selling the Bonds.

Nothing contained herein shall be construed as a finding of value for any purpose or as a warranty on the part of the Common-


wealth of Kentucky or any agency thereof.

Done at Frankfort, Kentucky, this 25th day of April, 1980.

ENERGY REGULATORY COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary